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FM USINT HAVANA

TO RUEHC/SECSTATE WASHDC PRIORITY 5178

INFO RUCNMEM/EU MEMBER STATES COLLECTIVE PRIORITY

RUEBWH/WESTERN HEMISPHERIC AFFAIRS DIPL POSTS PRIORITY

RUEHB/J/AMEMBASSY BEIJING PRIORITY 0114

RUEHKO/AMEMBASSY TOKYO PRIORITY 0039

RUEHBS/USEU BRUSSELS PRIORITY

RUEAIIA/CIA WASHINGTON DC PRIORITY

RHEHAAA/NATIONAL SECURITY COUNCIL WASHINGTON DC PRIORITY

RUCOGCA/COMNAVBASE GUANTANAMO BAY CU PRIORITY

RHMFISS/HQ USSOUTHCOM MIAMI FL PRIORITY

RUCOWCV/CCGDSEVEN MIAMI FL PRIORITY

RHMFISS/JOINT STAFF WASHINGTON DC PRIORITY

RHEFDIA/DIA WASHINGTON DC PRIORITY

Tuesday, 09 February 2010, 18:49

C O N F I D E N T I A L SECTION 01 OF 04 HAVANA 000084

SENSITIVE

SIPDIS

STATE FOR WHA/CCA

EO 12958 DECL: 02/08/2020

TAGS ECON, EFIN, PREL, PGOV, CU

SUBJECT: KEY TRADING PARTNERS SEE NO BIG ECONOMIC REFORMS

IN 2010, AGREE CUBA'S FATE HINGES ON VENEZUELA

REF: A. 09 HAVANA 631 (GOC TELLS CUBANS TO FEND FOR THEMSELVES) B. 09 HAVANA 322 (...ANOTHER SPECIAL PERIOD?) C. 09 HAVANA 763 (NATIONAL ASS HAVANA 00000084 001.2 OF 004

Classified By: Principal Officer Jonathan Farrar for reasons 1.4 (b) an d (d).

1. (C) SUMMARY: There is little prospect of economic reform in 2010 despite an economic crisis that is expected to get even worse for Cuba in

2. (SBU) Pol/Econ Counselor hosted a breakfast with commercial and economic counselors from six of Cuba's seven largest trading partners, incl

DIPLOMATS ARE MOSTLY PESSIMISTIC

3. (C) The global financial crisis and the inability to service foreign debt will make the dire situation in Cuba even worse in 2010, accordir TRADE AND INVESTMENT: NO ROOM FOR IMPORT REDUCTIONS

4. (C) The GOC has responded to the crisis with calls to further reduce imports and increase domestic production. However, Spain argued there STILL DEFAULTING ON TRADE PARTNERS

5. (C) Payment problems continue for all countries. Despite once again restructuring all of its official debt in 2009, Japan has yet to see ar HAVANA 00000084 002.2 OF 004 Cuban requests to extend credit terms from one to four years. When France and Canada responded with "welcome to the club", China suggested CAR AN UNWELCOMING ENVIRONMENT FOR FOREIGN INVESTORS

6. (C) Foreign investors have been treated poorly in Cuba and new investors will demand additional protections and guarantees, according to th MAJOR REFORMS ON HOLD

7. (C) Despite the grave analysis, none of our contacts foresee meaningful economic reform in 2010. Immediate reform is neither necessary nor AS VENEZUELA GOES

8. (C) The Spanish see future reforms determined by two factors: 1) foreign pressure that is outside of the regime's control; and 2) domestic THE DOMESTIC DEBATE CONTINUES

9. (C) If reform is driven by domestic factors it will be slow and hesitant. Unlike former president Fidel Castro, Raul Castro needs the "supp HAVANA 00000084 003.2 OF 004 exists (and appears to be growing) within Cuba for this form of public dissent indicates that the GOC has not completely given up on bigger ref SLOW, MEASURED AND MILITARY-STYLE REFORMS

10. (C) In lieu of structural reforms, the GOC will continue to take small steps to increase domestic production and reduce imports, focusing

11. (C) Even limited reforms could open up private sector opportunities (e.g. permitting cooperatives to operate barber shops, restaurants or

12. (C) As a result, several of our colleagues commented that leadership of the Cuban economy is more centralized this year. A side effect of RELATIONS WITH THE UNITED STATES

13. (C) Many officials in the GOC have reconciled themselves to the inevitability of better relations with the United States, said the Brazili HAVANA 00000084 004.2 OF 004 (Comment: the "U.S. role" according to the official Cuban press was to support the coup in Honduras and a military occupation in Haiti. End Com THE CUBAN PEOPLE WILL SURVIVE

14. (C) In the short term, the GOC will require even more belt tightening from the Cuban people. The Italians and French explained that Cuba c COMMENT

15. (C) Despite how badly Cuba needs them, significant economic reforms are unlikely in 2010, especially with the continued delay of a policy-